

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)
)
Application by New York Telephone)
Company (d/b/a Bell Atlantic -)
New York), Bell Atlantic)
Communications, Inc., NYNEX Long)
Distance Company, and Bell Atlantic)
Global Networks, Inc., for)
Authorization To Provide In-Region,)
InterLATA Services in New York)

CC Docket No. 99-295

RECEIVED
DEC 27 1999
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

DECLARATION OF LAWRENCE T. BABBIO, JR.
IN SUPPORT OF BELL ATLANTIC'S OPPOSITION TO
AT&T'S MOTION FOR A STAY PENDING APPEAL

1. My name is Lawrence T. Babbio, Jr. I am President and Chief Operating Officer for Bell Atlantic. In that capacity, I share responsibility for all of the corporation's business operations, including our new long distance services. I submit this declaration in response to the request by AT&T for a stay of the FCC's decision granting Bell Atlantic authority to provide long distance service in New York.

2. Bell Atlantic already is subject to tremendous local competition today in New York and the pace of that competition is accelerating. Competitors now serve as the local carrier for approximately 1.5 million lines in Bell Atlantic's service area in New York. Initially, that competition focused on large business customers. Over time, however, competitors increased their scope and today serve all types of customers including mass market residential and small business customers. All three of the major incumbent long distance carriers and numerous other carriers are currently offering local services on a mass market basis. These competitors use their own facilities as well as reselling Bell Atlantic's

service and purchasing unbundled elements (principally the so-called unbundled network element “platform”). As a result, in November alone, competing carriers added more than 110,000 additional local lines in New York. That rate of growth in competitive lines has almost doubled in just the last few months.

3. A significant source of that competition comes from AT&T. At the time of Bell Atlantic’s Application, AT&T was already serving approximately [] local lines. AT&T was serving these customers predominantly over facilities it deployed itself, either wholly or in combination with network elements obtained from Bell Atlantic. At the same time, it also was running a quiet trial of a mass market offering using the unbundled element platform. AT&T has since stepped up its local entry efforts, and has publicly announced that it added 50,000 lines in November alone. Based on that successful experience, on December 1 AT&T began offering bundled local and long distance services on a statewide basis, supported by a massive advertising campaign. For \$24.90 a month, AT&T claims to include virtually unlimited local calling and 7 cents a minute on state-to-state long distance calls.

4. To launch that campaign, AT&T’s electronic billboard in Times Square proclaimed “New Yorkers, Get It Together: With AT&T Local and Long Distance Combined.” “AT&T Offers New Yorkers a New Choice for Local Residential Phone Service,” PR Newswire (Dec. 1, 1999). Since then, AT&T has been advertising its bundled local and long distance service package in newspapers, radio, television, and direct mail. Attachment 1 to my declaration includes samples of that advertising campaign.

5. AT&T’s campaign has been effective. According to Robert Aquilina, who runs AT&T’s eastern region and is its affiant here, AT&T expects the rate of growth to

increase from the 50,000 lines it added in November to some 65-100 thousand lines per month by January. *See* Attachment 2, AT&T Presentation to Financial Analysts by Bob Aquilina on UNE-P. Mr. Aquilina told Wall Street analysts that AT&T expects to be able to add 750,000 local customers in New York during the next year, produce \$220 million in local revenues and obtain a 12 percent local market share. *See* Attachment 2 at 8.

6. Contrary to the suggestions in its motion, AT&T's growth is not constrained by the quality or capacity of Bell Atlantic's wholesale services. In fact, again according to Mr. Aquilina, Bell Atlantic's performance in switching over customers has been "pretty good," *Washington Post* at E3 (Dec. 2, 1999), and AT&T will be able to meet its year 2000 targets as long as Bell Atlantic's current performance "does not deteriorate." E. Struminger, *Paine Webber Research Note* at 3 (Dec. 7, 1999).

7. Similarly, both MCI and Sprint also offer mass market local services in competition with Bell Atlantic in New York. MCI has been offering such services since almost the beginning of 1999 (launching in February) and has added approximately 300,000 mass market local customers since then. Sprint, like AT&T, announced its own mass market entry after Bell Atlantic filed its long distance application with the FCC. Like AT&T, these offerings include bundled packages of local and long distance services. Also like AT&T, these bundled service offerings have been accompanied by massive advertising campaigns. Attachment 3 includes samples of such advertisements

8. While AT&T and the other long distance carriers already offer a package of local and long distance services to every Bell Atlantic customer in New York, granting a stay would prevent Bell Atlantic from offering a comparable package. As a result, a stay here not only would deny Bell Atlantic the ability to compete for revenues from potential

long distance customers in New York, it also would mean that Bell Atlantic would continue to be unable to compete on an even basis for local customers and would thereby lose local customers it might otherwise be able to retain. This is not conjecture; approximately 75 percent of the lines recently added by competitors went to the major long distance incumbents, and all of these carriers already can and do offer bundled packages of local and long distance services.

9. AT&T's motion implies that it will suffer immediate catastrophic harm from the introduction of competition from Bell Atlantic long distance service. While Bell Atlantic does plan to compete aggressively to win long distance customers in New York, its entry will occur in stages, and new customers necessarily will be added over time. And while Bell Atlantic's entry will produce tangible benefits for consumers (as I describe further below), the prospect of having to compete with Bell Atlantic on even terms for the first time will hardly be catastrophic for a company with the size and resources of AT&T.

10. Bell Atlantic plans to begin providing long distance service originating in New York on January 5 with a very competitive residential (or "consumer") service offering. Residential service accounts for about 30 percent of all the long distance revenues in New York. Bell Atlantic's offerings for business customers (who account for the remaining 70 percent of potential long distance revenues) will begin to roll-out 30 to 90 days later. Bell Atlantic's business plans are to expand its long distance service customer base over the next five years, providing service to approximately 25 to 30 percent of the New York long distance market by the end of year five.

11. AT&T is a global giant and the long distance services it provides that originate in New York are a very small part of AT&T's business portfolio. According to

AT&T's own press releases: "AT&T Corp. is among the premier voice data and IP communications companies, serving more than 80 million customers, including consumers businesses and government. With annual revenues of more than \$53 billion and 149,000 employees, AT&T provides services worldwide."

12. In contrast, the only services at issue here are long distance telecommunications services originating from the state of New York – a small fraction of AT&T's revenues. Moreover, consumer long distance services in New York – the only services to be offered immediately by Bell Atlantic – amount to less than two percent of AT&T's total revenues.

13. Regardless, even if AT&T were ultimately to prevail on appeal and Bell Atlantic's long distance authority were revoked, the loss of customers to Bell Atlantic would not be permanent. Any customers who switched from AT&T to Bell Atlantic's long distance service could be switched back easily to AT&T. To the extent AT&T lowered its prices to compete with Bell Atlantic's service offerings in the interim, it could raise those prices back up to current (less than fully competitive) levels should Bell Atlantic's authority to compete be revoked.

14. In addition to the potential harm to Bell Atlantic, a stay would cause consumers to suffer serious harm by denying them the benefit of added competition. Within the next week, Bell Atlantic will file its tariffed prices for long distance service with the FCC. These rates demonstrate that customers will have an immediate opportunity to save substantially as a direct result of Bell Atlantic's offering of long distance service in New York. If Bell Atlantic entry is stayed, those consumer savings will be lost for the entire life of the stay.

15. Unlike its largest competitors, Bell Atlantic will automatically put long distance customers into a special discount plan rather than assign them to so called “basic” service offerings that charge rates high above carriers’ advertised prices. The large incumbent long distance carriers’ basic rates are the default rates that all of their customers receive unless they affirmatively subscribe to a special pricing plan. Regardless, for close to half of AT&T’s customers, the large monthly fees on AT&T’s primary discount plans make them uneconomical even when compared to AT&T’s higher per minute basic rates. *See Application of Bell Atlantic-New York*, Reply Comments, Appendix A, Volume 4, Reply Declaration of Paul W. MacAvoy, ¶ 9.

16. Bell Atlantic’s default plan – Bell Atlantic “Timeless”SM Service – offers substantial savings to consumers when compared to the basic offerings of the three major incumbents. The Bell Atlantic Timeless Service rate is [] cents a minute, every day, twenty-four hours a day. Bell Atlantic does not tack on any additional monthly minimum usage fees or monthly recurring charges for the calling plan,¹ so its effective rate – the rate an average caller pays – is the advertised [] cents. This compares with effective basic rates of more than \$0.17 for AT&T ([] % higher than Bell Atlantic), \$0.20 for MCI ([] % higher) and \$0.21 for Sprint ([] % higher).

17. Bell Atlantic’s basic rate also compares favorably with the current discount plans of the large interexchange carriers. For example, under AT&T’s so-called seven-cents

¹ Bell Atlantic does pass through direct charges levied for universal service (on a percentage basis), as well as the per-line charge (Presubscribed Interexchange Carrier Charge or “PICC”) recovered by the local exchange carrier as authorized by the FCC. In both instances, however, Bell Atlantic passes through only its own costs.

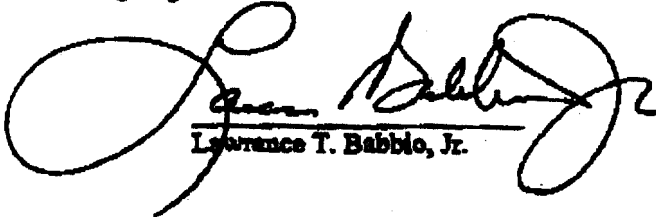
a minute plan, consumers also must pay a monthly recurring charge of \$5.95 before they even make a call. As a result, a residential customer who makes 43 minutes of long distance calls a month (which is the median) would actually pay 21 cents a minute after the extra fees and charges are included.

18. The customers most hurt by AT&T recurring charges are lower volume callers – those who make relatively few long distance calls. For example, for a caller spending as much as ten dollars a month on long distance calls, the effective AT&T rate still is almost 17 cents a minute, far above Bell Atlantic's rate and comparable with AT&T's basic rate. And, as noted above, the effective AT&T rate for callers with lower volumes than this is even higher. The number of customers burdened by these rates is significant. According to AT&T's own witnesses, almost half (47 percent) of AT&T's customers spend ten dollars or less a month on long distance calls. *See Application of Bell Atlantic-New York*, Affidavit B. Douglas Bernheim, Janusz A. Ordover and Robert D. Willig (Attachment B to the Comments of AT&T), ¶ 144 (filed Oct. 19, 1999).

19. The advertised plans for MCI and Sprint put similar burdens on lower volume callers. MCI advertises a five cents every day plan. In reality, that plan includes a peak charge of 25 cents a minute for all weekday calls between seven in the morning and seven at night. In addition, the MCI plan includes a \$1.95 monthly recurring charge and a five dollar minimum – forcing very low volume customers to pay for calls that they don't even make. Even for the ten dollar a month customer, the effective rate is close to 14 cents a minute. Sprint's "Nickel Nights" plan is facially lower with a peak charge of ten cents a minute. But Sprint also has a monthly recurring charge of \$5.95, so the effective rate for a ten dollar a month caller is almost 17 cents a minute.

20. As a result, all low volume customers are significantly better off with the option of Bell Atlantic's new Timeless Service offering. Were Bell Atlantic's ability to offer long distance service in New York stayed, these customers would lose that option and would continue to be burdened by the incumbents' rate plans. Removing the stay in the future could not undo the resulting harm.

I, Lawrence T. Babbio, Jr., hereby declare, under penalty of perjury under the laws of the United States, that the foregoing is true and correct.



Lawrence T. Babbio, Jr.

December 27, 1999

ATTACHMENT 1

AT&T: Paul Reiser At Hot Dog Stand

Length: 30 First Airing: NYC-12/06/99



(Music)
VOICE OVER: Big news, New York.



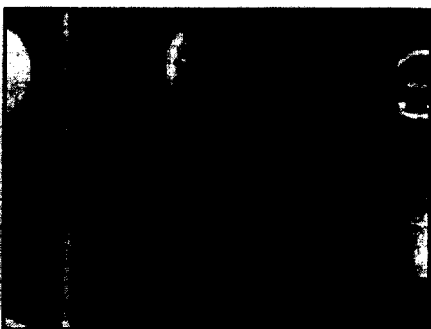
PAUL REISER: I'd like one with everything.
VENDOR: You want it all?



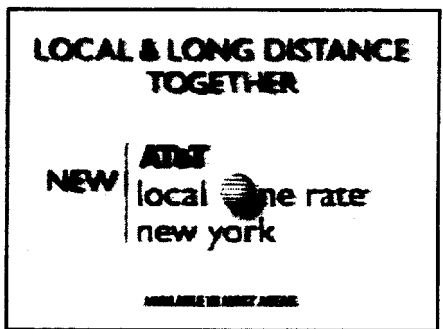
PAUL: Yes, sir.
VENDOR: I want it all too.
PAUL: How do you mean?
VENDOR: From AT&T.



PAUL: Oh, here we go.
VENDOR: I want my local and long distance from one company.



PAUL: Well, it's funny you should say that.



V.O.: Now get local and long distance together, with AT&T local one rate new york.

TEXT: AVAILABLE IN MOST AREAS

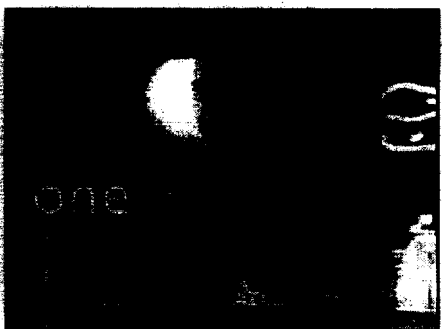


MAN: I want it all on one simple bill.
PAUL: One bill.
MAN: And how about one monthly rate...



for my local calls?

TEXT: INCLUDE 75 HOURS OF LOCAL CALLS PER MONTH.



PAUL: One rate, one bill, one company.



VENDOR: Great, can you sign me up now?



PAUL: I'm on my lunch break.



V.O.: Call now to get your local and long distance together.
(Music out)



Get
local service
and a whole lot more.
Get new AT&T Local One Rate. Only From AT&T.

Dear

Leave it to AT&T to introduce a simply radical new idea in calling. One price. One company. Around the neighborhood. Or across the country. It's called AT&T Local One Rate. And it's only for you. Our long distance customers.

It's simple. It's smart. It's just plain better.

Now you can get one-rate simplicity on all your calls from home. Any day of the week. Any time at all. Unlike other services, these low rates apply to every call you make from home. You'll even get AT&T's new 7¢ a minute rate for all state-to-state long distance calls made from home, a¹ day, every day! Local One Rate includes:

- Virtually unlimited local calling*
- 5¢ a minute on regional toll calls
- 7¢ a minute on state-to-state long distance calls

All for just \$24.90 a month. And when you sign up now, there are no switching fees, activation charges, or disruptions in your current service.

Cut through the clutter with one monthly bill.

You'll receive one easy-to-read monthly bill that clearly outlines both your local and long distance charges. What's more, it includes helpful information about new AT&T services and how they can help you save even more.

Compliment your service with three of the most popular calling features.

If you can't live without things like Call Waiting, Caller ID, and Three-Way Calling, here's your chance to save. They're all yours for just \$12.50 a month. That's more than a 15% savings over Bell Atlantic rates.[†]

One phone number gets you everything you need.

Need information? Want to add another line? No matter what you need, you can enjoy a premier level of customer service to get it all done.

Get Local One Rate now.

To sign up for AT&T Local One Rate, call 1 800 503-6961 ext. 79975, 8 a.m.-8 p.m., Monday-Friday. It's a one-of-a-kind service. And it's just for you.

Sincerely,

Adam Siskind
AT&T Local Service Marketing

P.S. Remember: You get more than virtually unlimited local calling from AT&T. Sign up for Local One Rate, and you'll also get our newest 7¢ a minute rate on state-to-state long distance calls made from home!

*Unlimited local calling equals 75 hours. After that, the rate is 2¢ a minute.
[†]Based on Bell Atlantic rates in effect as of 8/26/99.

Now get both long distance
and local service from AT&T.

together

Check out these
upgrade

Add 3 features

- Caller ID
- Call Waiting
- Three-Way Calling

As an AT&T customer, you have the opportunity to add three of the most popular calling features — Caller ID, Call Waiting, and Three-Way Calling — at a very special price. Only \$12.50 a month. (That's more than a 15% savings!)

But wait, there's even more.

You can also add lines — a great idea if you have a home office or a teen. Get great international rates with one of AT&T's international calling plans — so you can keep in touch, no matter how far away people are. What's more, you can keep it all safe and sound with our Inside Wire Maintenance Plan — so you never have to worry about maintenance. Call for details.



AT&T Local One Rate

Now from AT&T. Only one bill.

It's a whole new way to look at phone service. Local. Long distance. In fact, any distance. Any time. One company. One bill. It's the smartest, simplest way to combine all your calling needs — and it's just for New Yorkers.

Simplicity

Now one monthly rate gets you all the calling you need from home. And then some. 75 hours of local calling every month — more than you'll ever need. 5¢ a minute for regional toll calls and 7¢ on state-to-state long distance calls from home. All the time, any time. It's that simple. And, you'll get one easy-to-read bill from one company, because AT&T provides you with all the calling services you need. All for just \$24.90.

Savings

The value of AT&T Local One Rate speaks for itself:

- Save with virtually unlimited local calling.*
- Save more than 15% over Bell Atlantic's rates† on three of the most popular calling features — Call Waiting, Caller ID, and Three-Way Calling.
- Add another phone line when you sign up for AT&T Local One Rate, and we'll waive our activation charges on the new line.
- Pay nothing — not a single fee — for switching to AT&T.

And you could save even more with AT&T's new 7¢ a minute rate on state-to-state long distances.

Service

At AT&T, you matter most. It's easy to get answers with one number for all your calling needs. It's a premier level of service you can count on.

One look and you'll want AT&T

AT&T Local One Rate

- Virtually unlimited local calling*
- 5¢ a minute on regional toll calls
- 7¢ a minute on state-to-state long distance calls

\$24.90 a month

vs. Bell Atlantic

- Local calling minutes not included
- Actual monthly bill varies by number of calls made
- Regional toll call rates vary by time, distance, and day of week
- High, variable first-minute rate for local toll calls

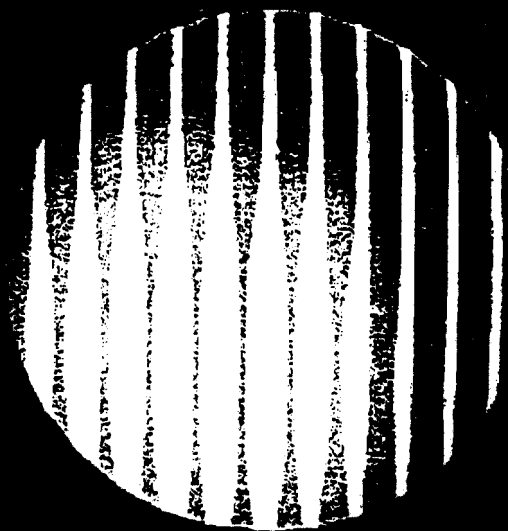
Expand your services with upgrades. Check them out on the back.

*Unlimited calling equals 75 hours a month. After that, the rate is 2¢ a minute.

†Based on Bell Atlantic rates in effect as of 8/26/90

§Bell Atlantic Message Service Plan

ATTACHMENT 2



AT&T Consumer Services

UNE-P

Bob Aquilina

VP, Eastern Region

New York - AT&T All Distance Consumer Entry

The New York Opportunity

- ◆ **6.5M Households in Bell Atlantic Territory**
- ◆ **\$3B Local Consumer Revenue Opportunity**
- ◆ **4M AT&T LD PIC'd Households**
- ◆ **\$1.5B AT&T LD Revenue**

AT&T New York Local All Distance Offer

AT&T All Distance Offer

For \$24.90/month:

- ◆ **Virtually unlimited Local calling (75 hours, 4500 minutes)**
- ◆ **One Rate 7 Offer**

For \$12.50/month:

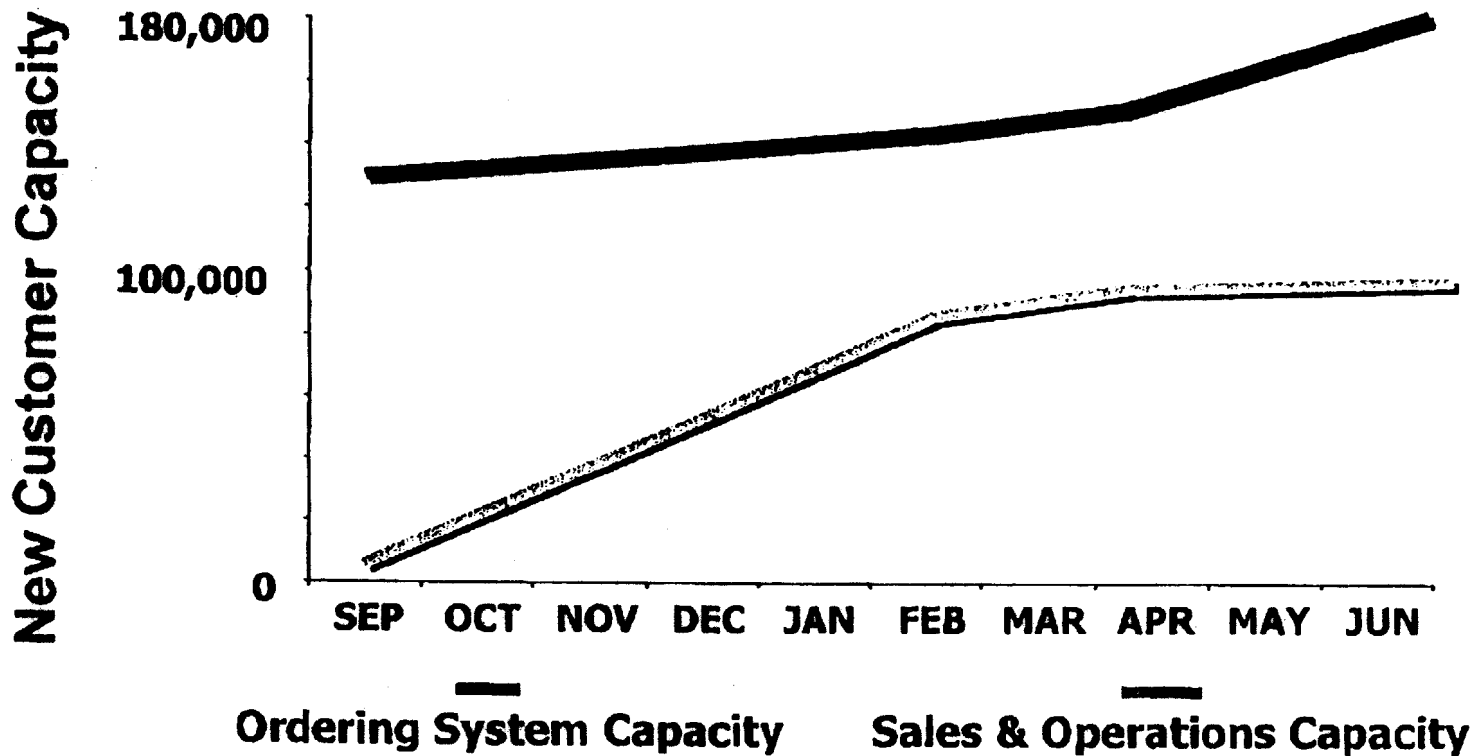
3 Feature Package

- ◆ **Caller ID, Call Waiting and 3-way Calling**

Competitive Differentiation

- ◆ **Simplicity** *Virtually unlimited local calling, no time of day, or day of week, price deviations*
- ◆ **Savings** *High Volume Local, IntraLATA, Features*
- ◆ **Service** *One Bill, One Call for Service*

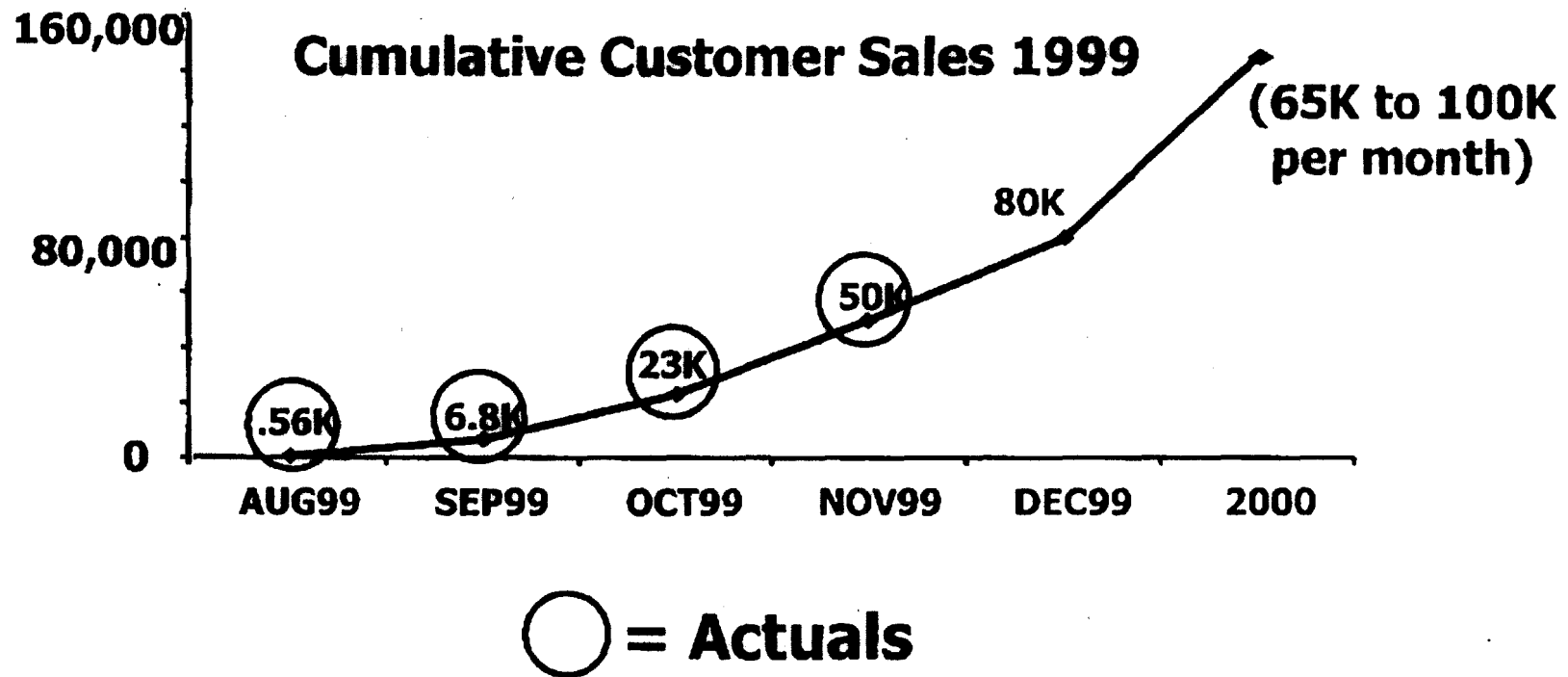
New York - Maximum Capacity Plan for New Customers



BEL performance is the only constraint in NY

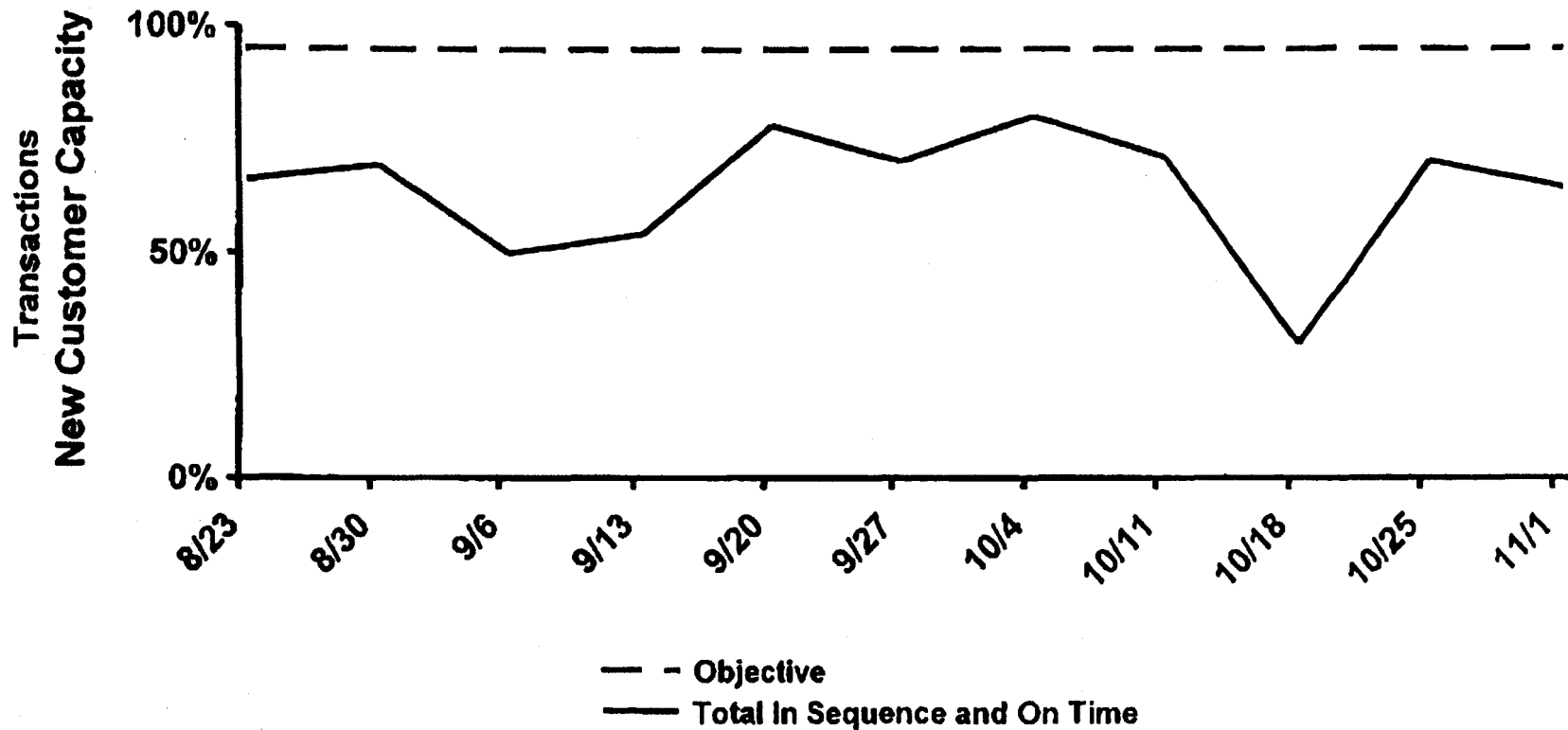
AT&T New York Local

Ramping to Scale



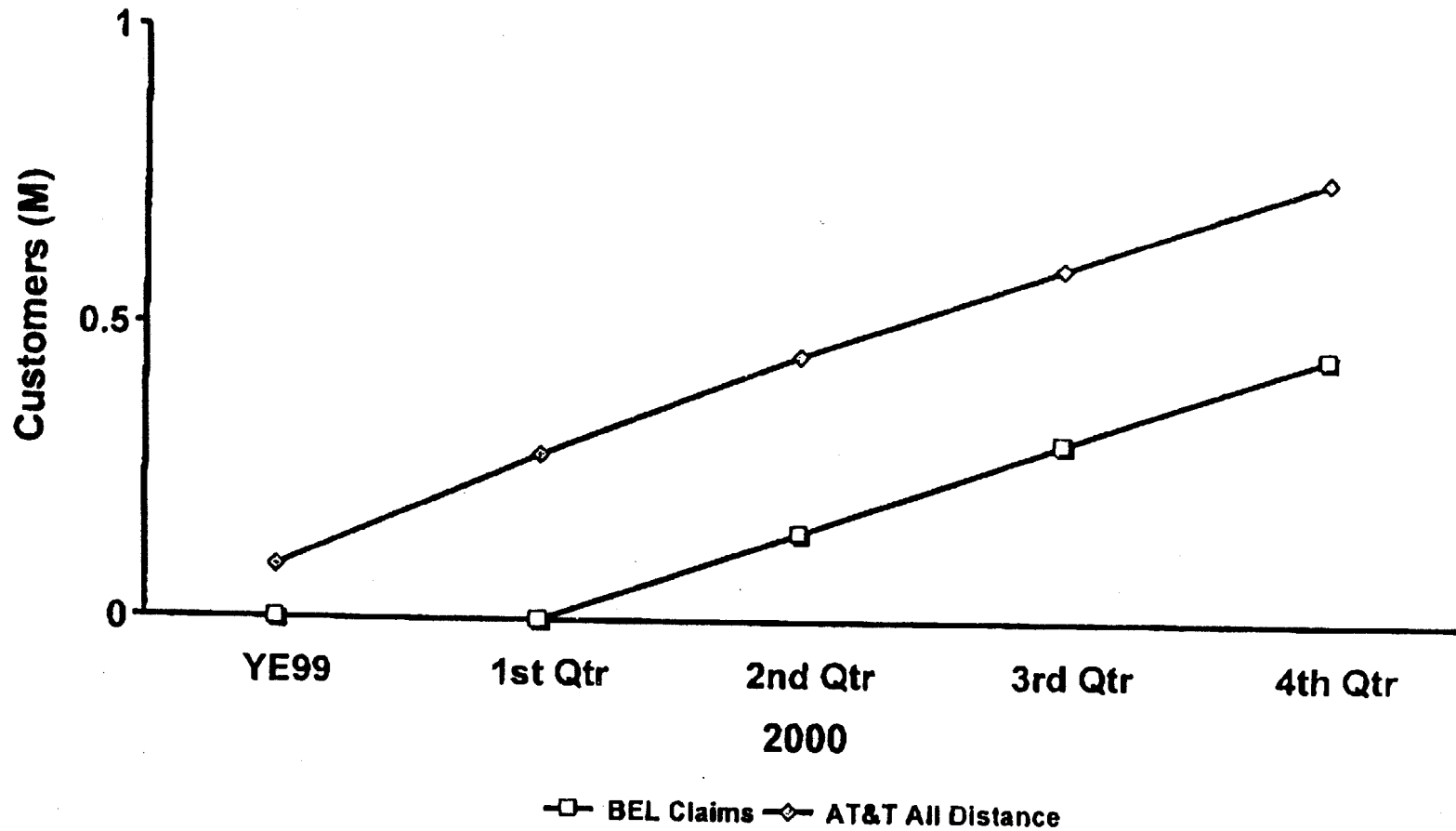
Current growth rates match or exceed competitors-- and we just started advertising!

Bell Atlantic UNE-P In-Process Performance



Bell Atlantic is not providing parity service to CLECs

New York - 2000 Market View



AT&T will lead in all distance bundled purchases

Winning Plan for New York

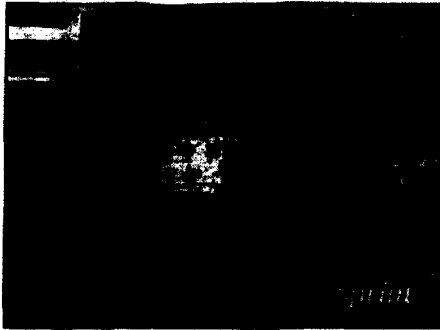
- ◆ **Theme: Maximum capacity plan**
- ◆ **Accelerating systems, operations, care, billing and marketing to full capacity**
- ◆ **2000 Sales Plan will deliver 750K+ All Distance customers, or 12% Local share with \$220M of Local Revenue**
- ◆ **Positive revenue growth of \$100M in year 2000**

ATTACHMENT 3

Sprint: More Of A Good Thing II

Length: 30

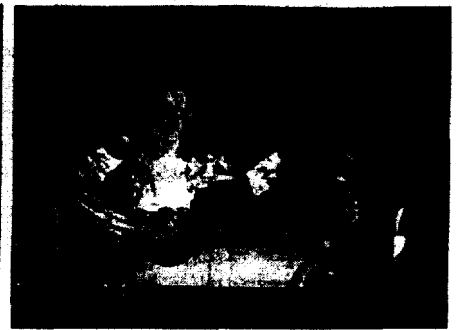
First Airing: NYC-12/03/99



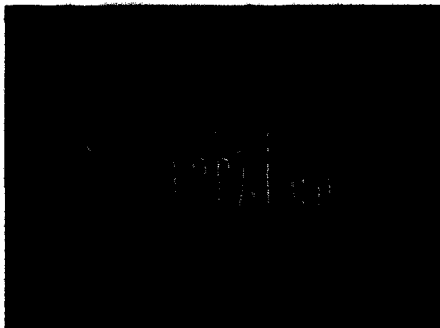
(Music)
VOICE OVER: New Yorkers...



who like more of a good thing...



are moving to Sprint. Because now Sprint offers local service...



with unlimited local calling...



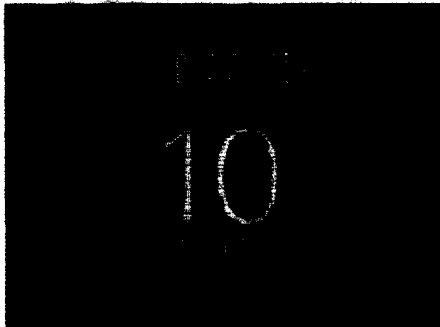
so you won't pay for local calls.



And if you sign up before December 31st

Text: \$35 monthly fee, unlimited local calls.

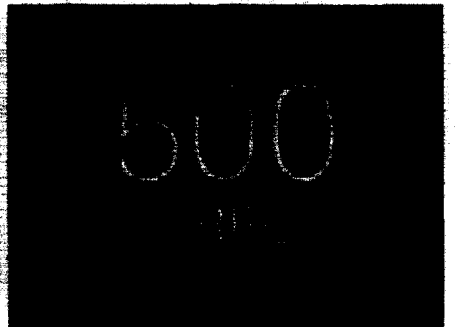
Text: When you switch to Sprint long distance. Call for details.



you can get up to 50 minutes of free long distance every month...



for the next 10 months.



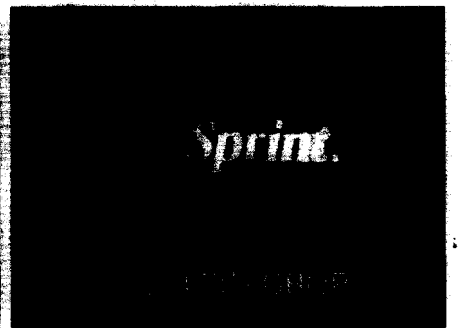
That's up to 500 free minutes.



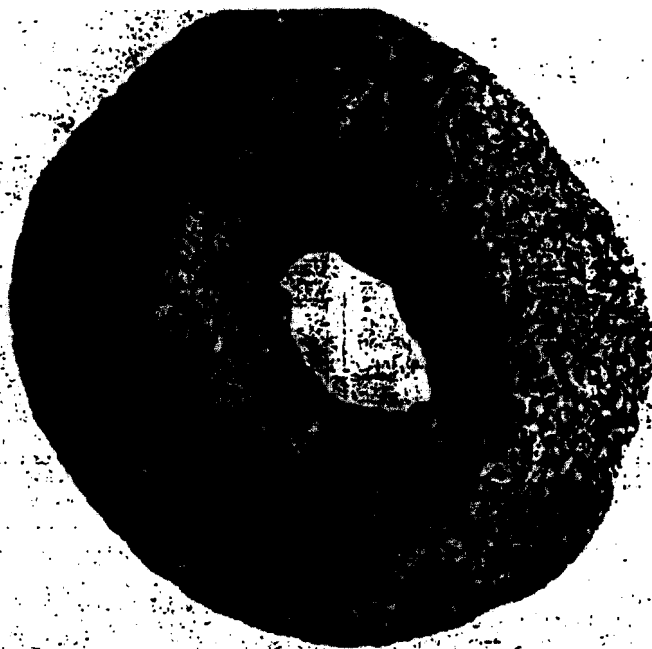
What more could you want...



New York?



Call 1 800 PIN DROP.



In New York, there are over
4,529 places to buy a sesame bagel,
but only
**one local
phone company?**

Now there's a choice. Sprint introduces
unlimited local calls and long-distance service.

New Yorkers love having a choice, whether it's bagels or Broadway shows. They also know a good deal when they see it and here's a great one from Sprint. Local and long-distance service...together at last.

Introducing Sprint Local Unlimited™ with Sprint Nickel Nights™. Now you can make as many local calls as you want, without being charged

every time. Plus, any long-distance call you make from home at night costs only a nickel a minute. (Same rate for calling card calls, too.)

Sound pretty good? It gets better: one monthly rate,* one simple bill and one point of contact. What a deal. It's like having your bagel and eating it too.



CALL NOW
1-800 PIN DROP

The point of contact™

The Official Telecommunications Provider
to the New York City Marathon®



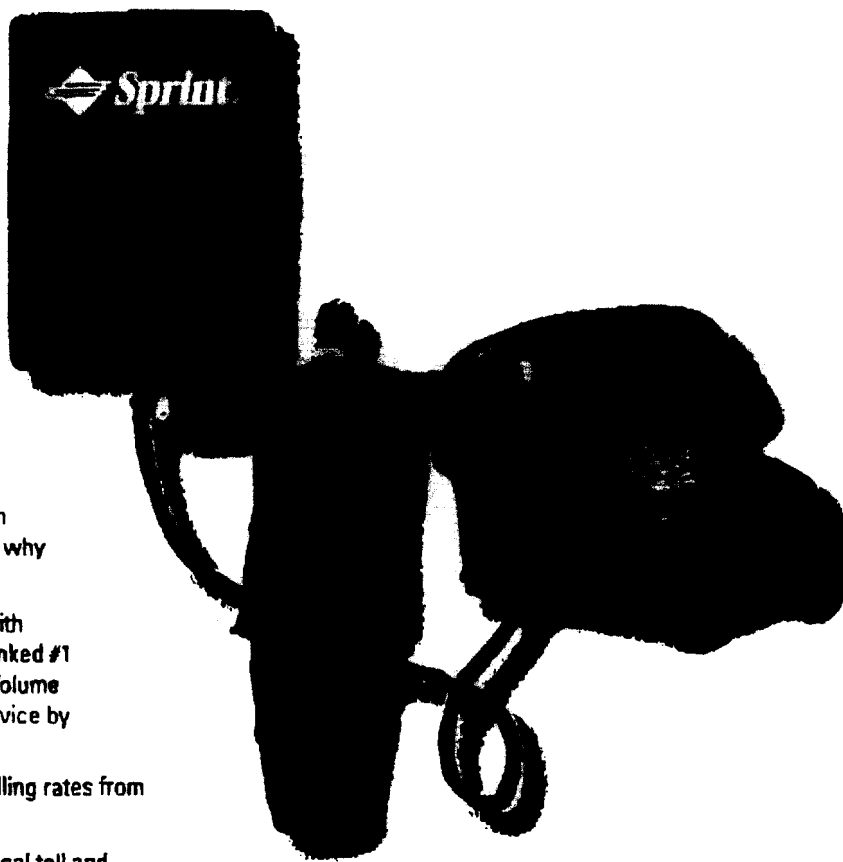
* \$35 monthly charge applies. Monthly charge is billed in advance of service and does not include regulatory fee or taxes. Residential Day-1 calls only. State-to-state and regional toll rate called 7 p.m. to 7 a.m., other times 10¢ per minute. LONG-DISTANCE rates 13¢ per minute 7 a.m. to 7 p.m. Local calling does not include directory assistance calls. Operator-assisted and international surcharges apply. Calls from pay phones will be assessed an additional surcharge to cover FCC-mandated payments from long-distance carriers to pay phone providers. The New York City Marathon® is organized and produced by the New York Road Runners Club, Inc. Certain restrictions apply. ©1999 Sprint Communications Company L.P.

Now Sprint offers local service in New York

Select Sprint for your local
service and enjoy all the
benefits you've come to
expect from a national
communications leader

For the first time, Sprint Members in New York can
choose Sprint for local calling service. And here's why
Sprint is the *right* choice:

- Sprint can handle your calling needs with top-notch service. In addition, we're ranked #1 in Customer Satisfaction among High-Volume Users of Residential Long-Distance Service by J.D. Power and Associates*
- Competitive local and long-distance calling rates from a national communications company
- Simplified billing – with all your local, local toll and long-distance calls on one invoice
- Switching is easy, too ... just call 1-800-808-8183



For a great value, choose Sprint Local Unlimited™ with Sprint Nickel Nights™

Sprint is pleased to present a new plan to give you the value you deserve. Sign up for Sprint Local Unlimited with Sprint Nickel Nights† today to receive:

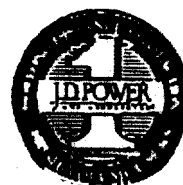
- Unlimited local calling from one provider you already know and trust ... for just \$35 a month
- A low, flat rate for long-distance and local toll calling – just 5¢ a minute, every night, Monday through Sunday
- Plus, additional products and services to meet your calling needs

It's not just about simplifying your local calling ... it's about having the right to choose for yourself!

Call 1-800-808-8183 today for Sprint local service



The point of contact™



*J.D. Power and Associates, 1999 Residential Long Distance Satisfaction Study. Study conducted among 12,165 residential long-distance users. High volume is defined as an average of \$50 or more spent on long-distance calls each month. www.jdpower.com. Theodoris: Dist 1 domestic calls. State-to-state and regional toll rate valid 7 p.m. to 6:59 a.m., 18 cents per minute. 7 a.m. to 7 p.m. FIVECARD rates 15 cents per minute 6:59 a.m. to 7 p.m. Overrate-assisted and international surcharges apply. Calls from payphones will be assessed an additional surcharge to cover FCC-mandated payments from long-distance carriers to payphone providers. Restrictions may apply. Unlimited local calling consists of local calls within your primary calling area. Unlimited local calling does not include directory assistance calls. Hours of operation are Monday – Friday 8 a.m. to 8 p.m. Eastern Time and Saturday 8 a.m. to 4 p.m. Eastern Time. © 1999 Sprint Communications Company L.P. All rights reserved. Sprint and the diamond logo are registered trademarks of Sprint Communications Company L.P. used under license. Printed on recycled paper. www.sprint.com

MCI WorldCom: Coming To New York

Length: 60 First Airing: NYC-10/25/99



(Music)

1st MAN: For years, you've counted on MCI for long distance savings...



now MCI savings are coming to local phone service at homes across New York.



WOMAN: You mean MCI offers local service?

1st MAN: That's right...



and if you call this number and choose MCI for all your local and long distance services, you'll get an extra five dollars off your bill every single month.



2nd MAN: Five dollars a month? That's sixty dollars a year.

WOMAN: I've been with Bell Atlantic forever and they never gave me a deal like that.



GIRL: It's really cool, my parents just let me get my own phone, but I have to pay the bills myself.



1st MAN: You get great local rates and you can get MCI long distance for just 5¢ a minute...



every evening and all weekend long. That's our lowest rate ever.

Text: 7pm-7am for state to state calls. For residential customers. \$4.95 monthly fee applies.



2nd MAN: So you save on local and long distance calls, plus you get sixty dollars off. You know savings like that really add up.



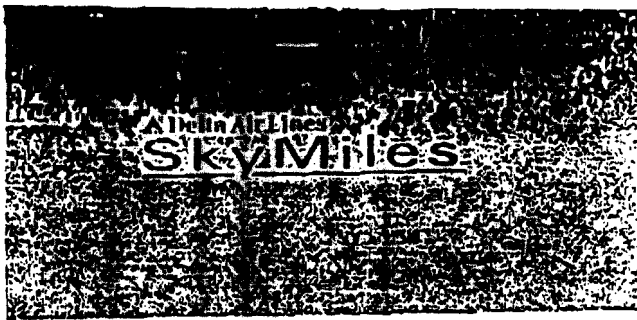
GIRL: Even I can afford it and I'm doing this on my allowance.



1st MAN: MCI local service has arrived in New York and so have great savings.



VOICE OVER: Remember to sign up and get this exclusive offer you must call 1-800-MCI-LOCAL.



Now, your local and long distance calls can earn you miles!

Dear

As a Delta Air Lines SkyMiles member, you're invited to enjoy an exclusive offer from MCI WorldComSM that'll really send you flying. It starts with up to 5,000 bonus miles just for signing up for local and long distance service. And that's just the beginning....

Save over Bell Atlantic.

Now you can choose MCI WorldCom for your local telephone service. Compare the MCI WorldCom Local SavingsSM plan with Bell Atlantic's Message Rate Plan and you'll see there's no comparison... our plan costs less, regardless of when you call. In fact, with our plan, you can make a local call of unlimited length for as little as 3¢. So why pay more when you don't have to? Sign up for MCI WorldCom long distance and regional toll service as well, and we'll take five dollars off your bill each month, for an additional savings of \$60 a year.

Just 5¢ a minute on long distance.

Of course, with MCI 5¢ Everyday SavingsSM you'll save on long distance too. With an incredibly low 5¢ a minute rate on state-to-state calls every evening and all weekend long, you'll save the most when you call the most. So now you can talk to your friends and loved ones longer and for less.

Earn miles with all your calls.

Only MCI WorldCom turns all the calls you already make into miles. In fact, you'll get five miles for every dollar you spend* on local and long distance calls. Call for a pizza, you get miles. A call to Mom for a nice chat equals more miles. The conversations are the same, but the real difference is miles. So call 1 800 488-5073 now, to start saving on all your calls, and get up to 5,000 bonus miles.

Sincerely,

Cathy Peterson
Partner Marketing
MCI WorldCom

Rob Grady
Partnership Marketing
Delta Air Lines

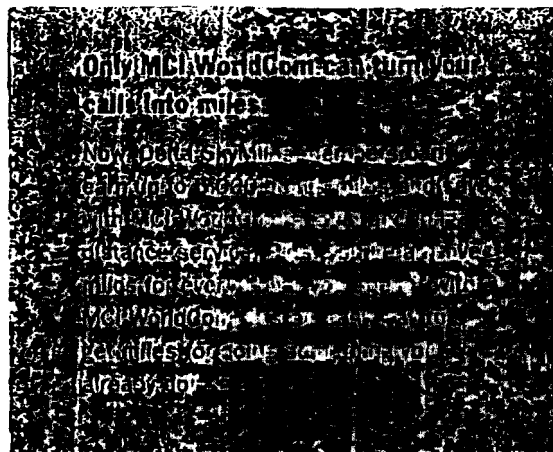
*Excluding taxes, credits and surcharges. 5,000 miles are awarded as follows: 3,000 miles after your first month and 2,000 miles each month for the next four months as an MCI WorldCom long distance customer. You must remain an MCI WorldCom long distance customer through the time of fulfillment in order to receive bonus miles. Existing MCI WorldCom customers not eligible for bonus offer. Limit one bonus program per account. MCI 5¢ Everyday Savings has a \$1.95 monthly fee which contributes to the \$5 monthly minimum spending requirement. Local toll may also be referred to as intra long distance, local long distance, regional or shorter distance calls. All standard Delta SkyMiles program rules and conditions apply. Rates exclude National Access and Federal Universal Service fees. Other terms apply. Offer expires 2/28/00.

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Call 1 800 488-5073 for up to 5,000 bonus miles today.

Earn up to 5,000 bonus miles
when you sign up for MCI WorldCom's local
and long distance calling plans.



SkyMiles **MCIWORLD.COM**

Compare the savings with MCI WorldCom over Bell Atlantic.

Local, regional toll and long distance calling plans	MCI WorldCom	Bell Atlantic's Message Rate Plan
Monthly Line Fee	\$6.27	\$6.60
SkyMiles	5 miles per dollar spent* <small>(Plus up to 5,000 bonus miles just for joining MCI WorldCom)</small>	None
Daytime Calls <small>(8:00am - 9:00pm, Mon. - Fri.)</small>	10¢ per call	10.6¢ per call
Evening Calls <small>(9:00pm - 11:00pm, Mon. - Fri. 5pm - 11:00pm, Sat.)</small>	6¢ per call	6.36¢ per call
Night/Weekend Calls <small>(11:00pm - 8:00am, Mon. - Fri., and all day Sat. Sun. and 5pm)</small>	3¢ per call	3.71¢ per call
Long Distance Calls <small>(7:00pm - 1:00am, Mon. - Fri., and all weekend long)</small>	5¢ per minute	None
Monthly Discount	\$5.00 off <small>(Credit on your bill)</small>	None

*Excluding taxes, credits and surcharges. All SkyMiles terms and conditions apply. MCI 5¢ Everyday Savings has a \$1.95 monthly fee which contributes to the \$5 monthly minimum spending requirement. See enclosed letter for complete terms and conditions.

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Get up to 5,000 bonus miles and save with MCI WorldCom local and long distance. Call 1.800.488.5073 today.

**MCIWORLD.COM.**

P.O. Box 4621
Iowa City, IA 52244-4621

Bulk Rate
U.S. Postage
PAID
Manchester Ctr., VT
Permit # 98

16986 243 8234

**MCIWORLD.COM.**

**YOUR IMMEDIATE
ATTENTION REQUESTED:
CALL 1 800 759-6080 TODAY.**

Customer Account No.:
Customer Phone No.:

Dear :

Our records indicate that you have not yet selected MCI WorldCom as your local phone service provider. Please call 1-800-759-6080 immediately to complete your account.

Sincerely,



Joe Galvin
Vice President, Customer Service

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